

MONTHLY OPERATING REPORT**CHAPTER 11**CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EEFor Period September 1 to September, 20 10Mark One Box For Each
Required Report/Document

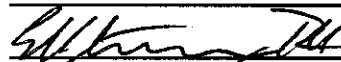
THIS REPORT IS DUE 15 DAYS AFTER THE END OF THE MONTH.
 The debtor must attach each of the following reports unless the
 United States Trustee has waived the requirement in writing. File original
 with Clerk of Court and duplicate with UST with an original signature.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
(x)	()	Comparative Balance Sheet (Form 2-B)
(x)	()	Profit and Loss Statement (Form 2-C)
(x)	()	Cash Receipts & Disbursements Statement (Form 2-D)
(x)	()	Supporting Schedules (Form 2-E)
(x)	()	Narrative (Form 2-F)
(x)	()	Copies of Bank Statement(s) and Reconciliations of Bank Balance to Book Balance for all Account(s)

**I declare under penalty of perjury that the following Monthly Financial Report and any
 attachments thereto, are true and correct to the best of my knowledge and belief.**

Executed on: October 14, 2010Debtor(s)*: Warehouse 86, LLC

By:**



Position:

Chief Financial OfficerName of Preparer: Ernest K. Strahan, III

Telephone No.

of Preparer: 901-628-8545

*both debtors must sign if a joint petition

**for corporate or partnership debtor

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

COMPARATIVE BALANCE SHEET

	Filing Date							
	11/04/08	Month Apr-10	Month May-10	Month Jun-10	Month Jul-10	Month Aug-10	Month Sep-10	
ASSETS:								
CURRENT ASSETS:								
Cash ***	89,361	71,086	71,091	35,509	34,860	34,862	34,863	
Accounts Receivable, Net	152,270	611	611	611	611	611	611	
Inventory, at lower of cost or market	73,633	0	0	0	0	0	0	
Prepaid expenses & deposits*	68,702	66,044	66,044	61,297	61,297	61,297	61,297	
Other								
TOTAL CURRENT ASSETS	383,966	137,741	137,746	97,417	96,768	96,770	96,771	
PROPERTY, PLANT & EQUIPMENT**	2,178,073	0	0	0	0	0	0	
Less accumulated depreciation	-1,124,978	0	0	0	0	0	0	
NET PROPERTY, PLANT & EQUIPMENT	1,053,096	0	0	0	0	0	0	
OTHER ASSETS								
Interests in incorporated businesses	6,573	0	0	0	0	0	0	
Insurance claim from tornado & fire,								
registered name, customer lists								
(unknown)								
TOTAL OTHER ASSETS	6,573	0	0	0	0	0	0	
TOTAL ASSETS	1,443,634	137,741	137,746	97,417	96,768	96,770	96,771	

If assets are carried at historical cost on debtor's accounting records and debtor elects to show them as such on the monthly reports, note the change above and include remarks on FORM 2-F (Narrative). All subsequent reports must then carry these assets at that value. Do not use historical cost one month and fair market value the next.

**This number does not include \$1,117,225.84, the estimated reduction due to the tornado/fire.

*This is a corrected number to reflect that the pre-petition retainer of \$35,000 should have properly been shown as a pre-petition legal expense since there was no balance as of the date of the filing of the bankruptcy petition.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

COMPARATIVE BALANCE SHEET

Filing Date	Month						
	11/04/08	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10
LIABILITIES:							
POST-PETITION LIABILITIES ***							
Taxes Payable (FORM 2-E, P. 1 of 3)		-	-	-	-	-	-
Accounts Payable (FORM 2-E, P. 1 of 3)*	0	-	-	-	-	-	-
Other - DIP Loan		-	-	-	-	-	-
TOTAL POST-PETITION LIABILITIES	0	-	-	-	-	-	-
PRE-PETITION LIABILITIES ***							
Notes Payable-Secured	1,264,902	3,732	3,732	3,732	3,732	3,732	3,732
Priority Debt	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Priority Debt-Unsecured	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Unsecured Debt**	2,562,082	2,516,413	2,516,413	2,516,413	2,516,413	2,516,413	2,516,413
Other							
TOTAL PRE-PETITION LIABILITIES	3,854,984	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145
TOTAL LIABILITIES	3,854,984	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145
EQUITY (DEFICIT)							
PREFERRED STOCK							
COMMON STOCK							
PAID-IN CAPITAL							
RETAINED EARNINGS							
Through Filing Date****	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)
Post Filing Date		946	951	(39,378)	(40,027)	(40,026)	(40,024)
TOTAL EQUITY (NET WORTH)	(2,411,350)	(2,410,404)	(2,410,399)	(2,450,728)	(2,451,377)	(2,451,376)	(2,451,374)
TOTAL LIABILITIES & EQUITY	1,443,634	137,741	137,746	97,417	96,768	96,769	96,771

*Reflects disputed insurance charge-Reconciled June 2009

**Reflects payment of utility charges and insurance premiums pursuant to court order

***Reflects updated November pre and post-petition liability balances due to final reconciliation.

Post-petition payables applied to pre-petition in April 2009

****This reflects a change to move a \$35,000 pre-petition retainer that should have been a pre-petition legal expense.

CASE NAME: Warehouse 86, LLC
CASE NUMBER: 08-03423-EE

PROFIT AND LOSS STATEMENT

	Month Apr-10	Month May-10	Month Jun-10	Month Jul-10	Month Aug-10	Month Sep-10
NET REVENUE	0	0	0	0	0	0
<u>COST OF GOODS SOLD:</u>						
Material	0	0	0	0	0	0
Labor-Direct	0	0	0	0	0	0
Overhead	0	0	0	0	0	0
TOTAL COST OF GOODS SOLD	0	0	0	0	0	0
GROSS PROFIT	0	0	0	0	0	0
<u>OPERATING EXPENSES</u>						
Selling & Marketing						
General & Administration (Rents, **** utilities, salaries, etc.)	650	0	40,331	650	0	0
Other						
TOTAL OPERATING EXPENSES	650	0	40,331	650	0	-
<u>INTEREST EXPENSE</u>	101	(5)	(2)	(1)	(1)	(1)
INCOME BEFORE DEPRECIATION OR TAXES	(751)	5	(40,329)	(649)	1	1
<u>DEPRECIATION OR AMORTIZATION:</u>						
OTHER INCOME	0	0	0	0	0	0
GAIN/LOSS ON DISPOSAL OF FIXED ASSETS	0	0	0	0	0	0
NET INCOME (LOSS)	(751)	5	(40,329)	(649)	1	1

*Requires explanation in NARRATIVE (FORM 2-F).

**** A correction was made to the interest expense and G&A for March to reflect the incorrect entry of a voided check.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**For Period September 1 to September 30, 20 10**CASH RECONCILIATION**

1.	Beginning Cash Balance (Ending Cash Balance from last month's report)		\$ 34,862
2.	Cash Receipts (total Cash Receipts from page 2 of all FORM 2-D's)	\$ 1	
3.	Cash Disbursements (total Cash Disbursements from page 3 of all FORM 2-D's)	\$ 0	
4.	Net Cash Flow		\$ 1
5.	Ending Cash Balance (to FORM 2-B)		\$ 34,863

CASH SUMMARY - ENDING BALANCE

	Amount*	Financial Institution
1. Operating Account	\$ -	Bank of America-3903
2. Operating Account	\$ -	Bank of America-9451
3. Payroll Account	\$ -	Bank of America-5429
4. Sales Account	\$ -	PayPal
5. Sales Account	\$ -	PayPal Alt
6. Money Market Account	\$ 34,862	Bank of America-DIP
7. Operating Account	\$ -	Bank of America-DIP
8. Payroll Account	\$ -	Bank of America-DIP Payroll
TOTAL (must agree with line 5 above)	\$ 34,862	

*These amounts should be equal to the previous month's balance for the account plus this month's receipts less this month's disbursements.

ADJUSTED CASH DISBURSEMENTS

Cash disbursements on Line 3 above less
inter-account transfers & UST fees paid \$ 0

*NOTE: This amount should be used to
determine UST quarterly fees due and agree
with Form 2-D, page 2 of 4.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**QUARTERLY FEE SUMMARY**

MONTH ENDED SEPTEMBER 2010

Payment Date	Cash Disbursements*	Quarterly Fee Due	Check No.	Date
January	\$ <u>36,540</u>			
February	\$ <u>40</u>			
March	\$ <u>27</u>			
Total				
1st Quarter	\$ <u>36,607</u>	\$ <u>650</u>	<u>20103</u>	<u>04/22/10</u>
April	\$ <u>107</u>			
May	\$ <u>1</u>			
June	\$ <u>35,584</u>			
Total				
2nd Quarter	\$ <u>35,692</u>	\$ <u>650</u>	<u>600001</u> <u>600002</u>	<u>07/16/10</u> <u>07/17/10</u>
July	\$ <u>0</u>			
August	\$ <u>0</u>			
September	\$ <u>0</u>			
Total				
3rd Quarter	\$ <u>0</u>	\$ <u>325</u>	<u>600004</u>	<u>10/14/10</u>
October	\$ <u> </u>			
November	\$ <u> </u>			
December	\$ <u> </u>			
Total				
4th Quarter	\$ <u>0</u>	\$ <u> </u>	<u> </u>	<u> </u>

Fee Schedule

DISBURSEMENT CATEGORY

QUARTERLY FEE DUE

Less than \$14,999.00	\$325
\$15,000-\$74,999.99	\$650
\$75,000-\$149,999.99	\$975
\$150,000-\$224,999.99	\$1,625
\$225,000-\$299,999.99	\$1,950
\$300,000-\$999,999.99	\$4,875
\$1,000,000-\$1,999,999.99	\$6,500
\$2,000,000-\$2,999,999.99	\$9,750
\$3,000,000-\$4,999,999.99	\$10,400
\$5,000,000 and above	\$13,000

Note that a minimum payment of \$250 is due each quarter even if no disbursements are made in the case during the period.

*Note: should agree with "adjusted cash disbursements" at bottom of Form 2-D, Page 1 of 4. Disbursements are net of transfers to other debtor in possession bank accounts and net of payments of prior period quarterly fees.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period September to September, 20 10

Account Name: DIP-Money Market Account Account Number: 3755555454

CASH RECEIPTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
9/31/10	Interest Income	1.49

Total Cash Receipts \$ 1.49

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period September to September 30, 20 10

Account Name: DIP-Money Market Account Account Number: 3755555454

CASH DISBURSEMENTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
9/31/10		Bank of America	Service charge	\$0.27

Total Cash Disbursements \$0.27

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

SUPPORTING SCHEDULES

For Period September 1 to September 30, 2010

INSURANCE SCHEDULE

Type	Carrier/Agent	Coverage (\$)	Date of Expiration	Premium Paid
General Liability	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Property (Fire, Theft)	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Vehicle	General Insurance Co. of America Marchetti Robertson & Brickell	1,000,000	4/29/09	Yes
Other (list): Excess/Umbrella**	National Union Fire Ins. Co. Marchetti Robertson & Brickell	3,000,000	4/29/09	Yes

**Umbrella Liability policy was cancelled on 4/29/09 when last of underlying insurance coverage expired.

Note: All insurance policies are expired, as there are no employees or property to insure.

(1) Attach copy of certificate of insurance or declaration page of policy for any coverage renewed or replaced during the current reporting month.

(2) For the premium paid column enter "yes" if payment of premium is current or "no" if premium payment is delinquent. If "no", explain on Form 2-F, Narrative.

CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

NARRATIVE STATEMENT

For Period September 1 to September 30, 2010

Please provide a brief description of the significant business and legal action by the debtor, its creditors or the court during the reporting period. Comments should include any change in bank accounts, explanation of extraordinary expenses, and purpose of any new post-petition financing. Comments should also include debtor's efforts during the month to rehabilitate the business and to develop a plan.

[illegible]

**Bank of America**

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number 3755555454
01 01 149 01 M0000 E# 0
Last Statement: 08/31/2010
This Statement: 09/30/2010



NX 0000 01 000 598 020876 #001 SP 0.357
WAREHOUSE 86 LLC
DEBTOR IN POSSESSION #08-03423
MMS ACCOUNT
PO BOX 16692
JACKSON MS 39236

Customer Service
1-877-757-8233

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akruptcy Case Number:0803423

MONEY MARKET SAVINGS

Account Summary Information

Statement Period 09/01/2010 - 09/30/2010	Statement Beginning Balance	34,861.51
Number of Deposits/Credits 1	Amount of Deposits/Credits	1.43
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 1	Amount of Other Debits	.27
	Statement Ending Balance	34,862.67
Number of Enclosures 0		
	Service Charge	.27

Interest Information

Amount of Interest Paid 1.43	Interest Paid Year-to-Date	20.58
Annual Percentage Yield Earned .05%		

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
09/30		1.43	INTEREST PAID ON 30 DAYS AVERAGE COLLECTED BALANCE OF	09840003362
			\$34,861.51	

Withdrawals and Debits

Other Debits

Date Posted	Customer Reference	Amount	Description	Bank Reference
09/30		.27	FDIC ASSESSMENT	

Daily Balances

Date	Ledger Balance	Collected Balance	Rate	Date	Ledger Balance	Collected Balance	Rate
08/31	34,861.51	34,861.51	.050	09/30	34,862.67	34,862.67	.050